

Vizhinjam Port: A Maritime-Strategic Capital?

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Introduction

Owing to its inadequate infrastructure and years of policy-deficit, India has been encountering a transshipment hub paucity vis-à-vis handling its commercial container cargo. As the proposed green-field deep-water port at Vizhinjam, Thiruvananthapuram district, in the south-western state of Kerala, is underway amidst a series of delays, New Delhi is bracing itself for receiving an extra maritime leg. With this to-be-completed port by the Government of Kerala (GoK), the country is attempting to build a nautical case to partly decimate its container terminal quandary. Apart from the economic payoffs that it can offer, the port is assumed to be a strategic boost for India's maritime position in the world. The port indeed bears overwhelming geopolitical implications at a time when the country is exploring a myriad of options in flexing its maritime muscles. Touted as the "gateway to South Asia", the Vizhinjam project portends the possibilities of a strategic breakthrough that provides a series of navigable maritime-economic options for tackling India's "ports-deficiency". However, the reality unfolds an ambiguous posture of the port given the emerging maritime narrative in the Indian peninsula.

A Maritime Lever in the making

The Vizhinjam port has been a historically significant hub of trade since the Roman times. Much of the significant maritime forecasts predict that this ancient port with a 72 feet draft, which is deepest in the country, with a requirement of minimal dredging, is expected to be a game-changer as a maritime forecast. It's revitalization in the form of Vizhinjam International Seaport Limited (VISL), at an initial phase investment of Rs. 7,525 crores, is being developed in the landlord model with Public Private Partnership (PPP).¹ The four-phase construction of this transshipment-deep-water-multipurpose project which is based on a design, build, finance, operate and transfer (DBFOT) arrangement has been awarded to the Adani Ports and Special Economic Zone Ltd (APSEZ).² The construction of the first phase began on 5 December 2015 and is expected to be commissioned by 4 December 2019.³

The agreement allows the concessionaire M/s Adani Vizhinjam Port Private Ltd to operate the port for 40 years, which is extendable by another 20 years. The state government shall begin receiving one per cent of the gross revenue after 15 years from the date of the operationalisation of the project, which would continue to mature on an annual 1 per cent rate until it reaches the benchmark of 40 per cent.

A Panacea for the “Economic” Sea-Blindness

Indian Ocean’s crucial place in the maritime map with a quantum of more than 50 per cent of the world’s seaborne trade creates more space for India as a putative power in the regional totem pole. India’s maritime prowess from a military sense has been long known through its force projection and capabilities, and its dynamic role in contributing towards peace-building in the Indian Ocean Region (IOR). On the flip side, the economic episode in its maritime variant shows an unremarkable trail, especially in the civilian maritime infrastructure. Thanks to the hitherto-subscribed “sea-blindness”, India’s domestic port sector has never been a thing of attention among the strategic pundits. There are only a few container transshipment ports in the country like Kochi, Mumbai, Mundra, Visakhapatnam, etc. which have the adequate capacity of handling large motherships. The numerical mapping of such port facilities reveals the domination of west coast ports over the ones on the east coast in the domestic container market. A report on the fiscal year 2017-18 indicates that, of the 9.14 million twenty-foot equivalent units (TEUs) India-bound or originating cargo traffic, 35 per cent were being diverted to foreign container transshipment ports in Colombo, Jebel Ali, Klang, Salalah and Singapore for “bulk break” and further transported through small feeder vessels.⁴ Data show that the Colombo port stands atop in the transhipped containerised freight.⁵

The Vizhinjam project is assumed to be a pack of strategic opportunities. According to official sources, the Vizhinjam port, as a transshipment hub, shall be capable of handling the largest mainline vessels with a capacity of 18000 TEUs. Moreover, the port facilitates 2000 metres of berthing space for containers with a draught of 18.4 metres.⁶ The VISL would aid in saving costs and reduce the dependence on foreign ports for cargo transshipment. Besides, with its geographic proximity to the Bay of Bengal, Coast of East Africa, the Middle East, and Strait of Malacca, the port promises an unparalleled geo-strategic edge. Another striking feature that the port offers is a relaxation of the cabotage law. Cabotage restrictions are directed towards a mandatory use of Indian-flagged ships for transporting consignments between various ports in the country as a check to prevent foreign competition for the domestic shipping industry, and for matters concerning national security. The possibility of the coastal shipping by foreign-flagged vessels postulates a good

sign that helps reduce the freight cost, pooling of cargo, and a quantum leap in the tonnage on coastal routes.

Experts are of the view that Vizhinjam is anticipated to be a strong contender to a number of ports both within India and abroad. For instance, the VISL is going to throw a healthy competition to the ports at Chennai and Tuticorin in the state of Tamil Nadu and the Vallarpadam International Container Transshipment Terminal (ICTT) in Kochi, Kerala over time. The proposed Rs. 27,570 crore Enayam port project in Tamil Nadu, which is just at 36 km south of Vizhinjam, also spurts the intensity of this ongoing “ports-race”.⁷ And, it is pertinent that the Colombo port is naturally brought under the competition radar. Of the 4.8 million TEUs handled by the Colombo port in 2017, 45 per cent was containers to and from India. It is conspicuous that the Colombo port is undoubtedly depending on India for its container cargo business. With the operationalisation of Vizhinjam port, the Indian maritime port sector would venture into a favourable shift from these trends vis-à-vis an independent cargo handling mechanism. In turn, Colombo would experience a loss in its share of cargo from India, which would set in an economic setback for the island nation.

Is it a game-changer?

Despite the possibilities it theoretically offers, on realistic grounds, likelihoods are high that the speculations on its could-be-game-changer tag might remain a far-fetched “scenario-building”. Firstly, the clouds of dubiety are gathered over the puzzle whether the port can substantially reduce the Indian container dependence on foreign terminals, particularly Colombo. Secondly, would the project be able to override the delays in its completion by adhering to the four-phase deadline? Finally, considering the newly proposed Enayam port, which is akin to Vizhinjam’s structural, functional and geopolitical profile, and its geographical adjacency, could the latter be a geostrategic driver?

The industrial backwardness in the hinterland of the port arrests the likelihoods of having an edge of gateway traffic over transshipment traffic, which makes the survival of the project comparatively on the latter.⁸ At the same time, India’s bewildered state of transshipment is further accentuated due to the higher port handling charges and port call costs for the cargo vessels. Low marine charges (vessel-related charges) and the need for least deviation from the East-West Sea Route in contrast to the Indian ports, make Colombo the first choice for the shipping liners.⁹

At the same time, being the country’s first mega transshipment port, Vizhinjam can provide an impetus to the Sagarmala initiative, launched in 2015, by the Ministry of

Shipping. It would help achieve the objectives as enshrined in the Sagarmala Institutional Framework which includes the development of mega port projects and improvising maritime connectivity. Interlinking Vizhinjam with Sagarmala would make it act as a force multiplier in securing India's economic ambitions in the region by adding an extra constituent to its container terminal network.

Nevertheless, India's credentials in policy-inertia are hardly new. Adding to it, the completion of the first phase of the port itself is way behind schedule, which was guaranteed to be completed within a "1000 days" deadline by the Adani Group. The cyclone Ockhi that ravaged the Kerala coast in 2017 and the consequent demand for further dredging, lag in the procurement of granites owing to local resistance near quarries, and the passivity in the progress of breakwater facilities cause the delay of the project.

Kerala's political ecology carries its own weight in the success of the Vizhinjam port. A 2017 Comptroller and Auditor General Report citing lacunae in the port agreement led to the appointment of a Commission of Inquiry by the state government, which finally gave a clean chit in December 2018, to the then United Democratic Front government that inked the same. The infamous and highly demonstrative politically-affiliated labour unionism and its clout that continue to plague the state would determine the operational dynamics of the project in the long-run. Incessant labour strikes and the resulting economic-paralyses are routine features of the state and the port precincts would never be an exception. A better capitalization on the labour-management equations is a requisite for the healthy survival of the venture. The local opprobrium, largely among the nearby coastal-fishing hamlets, against the project raising environmental concerns, in spite of a favourable report following the Environmental Impact Assessment (EIA) by the Ministry of Environment, Forest and Climate Change (MoEF&CC), also throws more insights into the challenges arising from the socio-demographic quarter.

On the question of Enayam port and its proximity, it is yet to be proven the actual utility and significance of the Vizhinjam project in the Indian port realm. The economic viability in having two ports at such a short distance from each other had raised concerns. Albeit dubieties are in the fray, both projects are deemed necessary in future provided India's expected ascendancy in the global maritime trade is achieved in the long-run. The rationale for the co-existence of the duo has been supported by the economic forecast that projects the Indian container freight to reach 2.5 billion tonnes by 2025, which requires a larger array of container terminals.¹⁰ Moreover, the presence of multiple ports in the southern Indian peninsula makes sufficient room for developing a "cluster" of transshipment

hubs, fashioned on the Middle East and South East Asian models, which complements the country's maritime sway in the region.

Contextualising India's Neighbourhood First Policy in a nautical directive, the Colombo port could be a diplomatic capital that allows India to make further maritime inroads into Sri Lanka. The Lankan government's negotiations with its Indian counterparts are already in place seeking the latter's support in the development of the East Container Terminal at Colombo port. This new shift reveals Colombo's desired extrication from China's "debt-trap diplomacy" and the search for strategic alternatives beyond Beijing in the maritime-capacity building. It is plausible that India's engagement in the expansion of the Colombo port would mean a more advantageous position for the same in the maritime space, thereby pushing the Indian ports to avenues of higher competition.

Conceptually, repositioning Vizhinjam with the so-called geopolitical buzzword "Indo-Pacific" could reap a range of benefits in the maritime arena. The Indo-Pacific strategy, which is a revamp of the preceding "Asia-Pacific Rebalancing Strategy", is a concerted attempt led by the United States to ward-off challenges posed by the Chinese foreign and security policy behaviour in the region. Though India is affirmative on its disdain of military tag for the concept, the economic interpretations related to the oceanic template have gained recognition. It is worthy to take note of the fact that China wanted to partner with an Indian firm to develop the Vizhinjam port. But, the proposal was declined by the Indian Government citing national security reasons. For India, any intent to overpower Beijing's munificence and sabre-rattling antics in the Indo-Pacific, given its emanating maritime character, requisites an independent maritime-economic configuration. The port at Vizhinjam also facilitates tactical manoeuvring which helps strike a better score in its voyage to attain domestic maritime-infrastructure autonomy.

The Military Undercurrents

Last but not least, the military implications of the port also requires a closer look. Usually, as a convention, a security-rhetoric by the national navy follows the announcement of any strategic seaport across the globe. So was the case with the Gwadar port in Pakistan and the Hambantota port in Sri Lanka, when their respective naval branches released statements on the military potential of the projects. Apparently, Vizhinjam port also followed the suit when the former Vice Chief of the Naval Staff Vice Admiral R. P. Suthan was vocal about the military significance of the same for the Indian Navy (IN) as it provides an earshot to guard against the increasing Chinese footprint in the IOR.¹¹ The military signs at the port vicinity began in 2014 with the docking of the Navy's fast attack craft INS Kalpeni for a two-day

public display. The Southern Naval Command (SNC) had even approved a proposal for acquiring a 500m long berth for the permanent presence of naval vessels at the deep-sea port. The state government had gone to the extent of assuring, in the legislative assembly, 500m and 200m long berths for the IN and Indian Coast Guard (ICG) respectively.¹² Apart from that, the allied facilities were also ensured on a cost-sharing basis. Reports were affirmative of the prospects of joint operations between IN and ICG, involving the already stationed lone amphibious brigade of the Indian Army (IA). However, the plans haven't fallen in place and provision for defence berthing facility only during emergency situations was found consensus.

Clause 17.17.1 of the Vizhinjam concession agreement underscores the 'use of port by Defence Forces' as : *"The concessionaire acknowledges and agrees that the Defence Forces shall at all times have the right to use the Port and all facilities thereof, without any restriction or constraint of any nature whatsoever, on payment of compensation in accordance with Applicable Laws."*¹³ In addition, clause 17.17.2 states that, *"Without prejudice to the provisions of Clause 17.7.1, the Concessionaire's obligations to the Defence Forces in respect of usage of the Port during an Emergency shall be determined by GOI from time to time and to the extent thereof, the Concessionaire shall be relieved of its obligations to provide services to civilian users of the Port."*¹⁴

The Ockhi-driven Humanitarian Assistance and Disaster Relief (HADR) operations in the state has become an eye-opener again when the naval vessels had to be dispatched from the naval base in Kochi. A quick response in future, in any such scenario, calls for a permanent naval station in the southern tip of the state, for which Vizhinjam remains the obvious choice bereft of a second thought.

Conclusion

The export-import (EXIM) container cargo traffic entails the independence of container freight management, in terms of self-sufficiency in port infrastructure, as critical for a maritime power such as India on economic and security premises. New Delhi is chalking out a plan to bring its less-competitive east coast ports as well under the container transshipment architecture. Apart from addressing concerns of the domestic maritime sector, the endeavours associated with the Vizhinjam port might enable India to draw a maritime trajectory by scripting a strong economic discourse in the IOR. As a strategy which is driven towards torpedoing the geopolitical quagmires reflected in its commercial expressions, the port-led template can provide inputs in constructing an independent maritime identity that embraces an assertive stand on matters of seaborne trade.

The Indian dilemma of the theory of “sea-blindness”, which has existed for long, cannot be read just from a military perspective since an economic dimension also finds a place behind its veil. Developing a progressive maritime-economic narrative through port-led industrial growth has been progressively deteriorated by the reluctance of the Indian policy elites. Vizhinjam project, after its completion, would shed light on the new vigour and the fundamental metamorphosis in the country’s maritime policy from an economic-strategic convergence prism. Nonetheless, the underlying challenges and the myopic vision of the government blur the grand prospects of the project. It is inconclusive whether the port could really stand as a token of a prospective maritime capital which offers adequate geostrategic dividends.

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